



## Mindax Limited

Diversified Explorer

### Corporate Structure

ASX Code	<b>MDX</b>
Shares	145.7
Listed Options	64.9 @75 cts Dec ' 11
Unlisted Options	5.5 Ave' 66.6 cts
Price	0.49
Market Cap	\$ 71.4
Net Cash (est)	\$ 10.0

### Major Shareholders

Andrew Tsang & associates	22.1%
Lion Group	10.5%
Jupiter Mines	9.1%
Board (approx)	30.1%

### Directors

<b>Gilbert George</b>	Chairman
<b>Greg Bromley</b>	Managing Director
<b>Benjamin Chow</b>	Non-Exec
<b>Nicholas Smith</b>	Non-Exec
<b>Andrew Tsang</b>	Non-Exec

### Opinion\*

Mindax is moving towards commercial feasibility work at several projects. The company is focused on expanding tonnes of defined, direct shipping grade hematite mineralisation and upgradeable magnetite mineralisation on Yilgarn Province licenses, as well as expanding known shallow, multi-layered uranium oxide mineralisation.

The company has been successful in attracting investment support from interests in Singapore, which could assist the company to both develop mining operations and market products produced.

Peter Strachan.

\*No recommendation is offered for commissioned research.

### Investment Drivers

- Mindax is backed by Singaporean investors and industrialists with downstream minerals marketing capabilities.
- The company is well funded with about \$10 million of cash, enabling it to progress exploration, as well as logistical and metallurgical studies on iron ore and uranium projects, leading to feasibility studies.
- The company has identified early stage magnetite and potentially, direct shipping grade iron ore as well as sedimentary/roll front uranium mineralisation, both with commercial potential.
- The company is run by industry professionals. Mindax's shares are tightly held, with over 61% of the company's issued stock controlled by the Board and those close to the company.

### 1 Year Share Price History

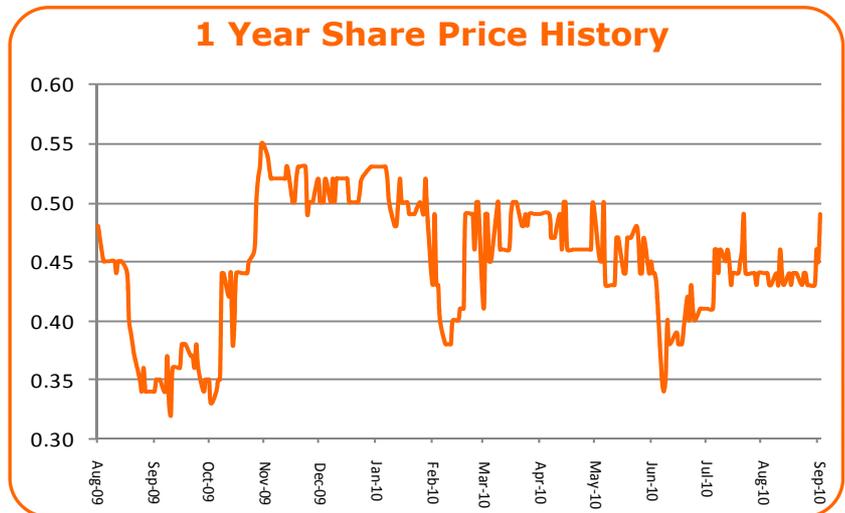
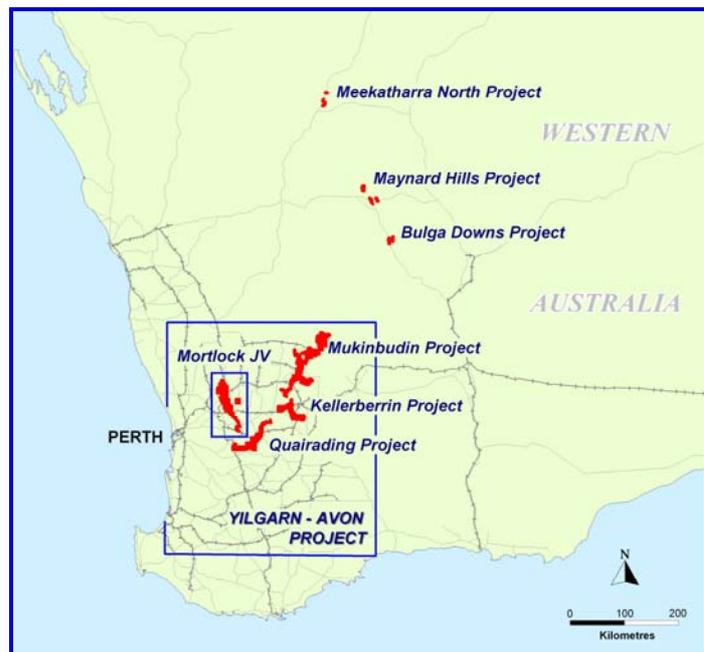


Fig 1. Mindax Project Locations



Source: Mindax

**Introduction**

Mindax listed on the ASX in December 2004. The company maintains a broad range of projects, exploring for uranium, gold, base metals and iron ore in Western Australia.

Multi-commodity exploration

**Projects**

**MT FORREST IRON ORE PROJECT (100%)**

The company's Mt Forrest iron ore project is located in the central west of Western Australia, 150 kilometres north-west of the town of Menzies and a rail line, which extends to the port of Esperance to the south. The project forms part of a proposed regional push by several companies to outline iron mineralisation (Figure 3). A cooperative approach by all companies in the region is being facilitated so as to further the aims of building open access transport, power and other logistical export capacity, via rail extensions, access to pipeline gas and upgrades to the port of Esperance. The region holds potential for +350 million tonnes of higher grade mineralisation, suitable for direct shipping iron ore (DSO) and up to 5 billion tonnes of magnetite mineralisation.

Possible DSO iron ore plus large tonnage of magnetite

Mindax's tenure covers 17 kilometres of folded Banded Iron Formation and Greenstone rocks, which are prospective for iron mineralisation. Mindax has established a conceptual exploration target of about 100 million tonnes of direct shipping ore, along with 2.5 billion tonnes of magnetite mineralisation, grading 31% to 36% Fe. So far, drilling work has outlined an estimated Inferred JORC Resource amounting to 1.16 million tonnes of hematite-goethite, grading 54.8% Fe, as well as 387 million tonnes of potentially beneficiable magnetite grading 31.4% Fe.

Early stage RC drilling has been undertaken on eight of seventeen exploration targets. Prospects at Toucan, Parrot and Cabaret Bore appear to hold significant tonnage potential.

Metallurgical studies ongoing

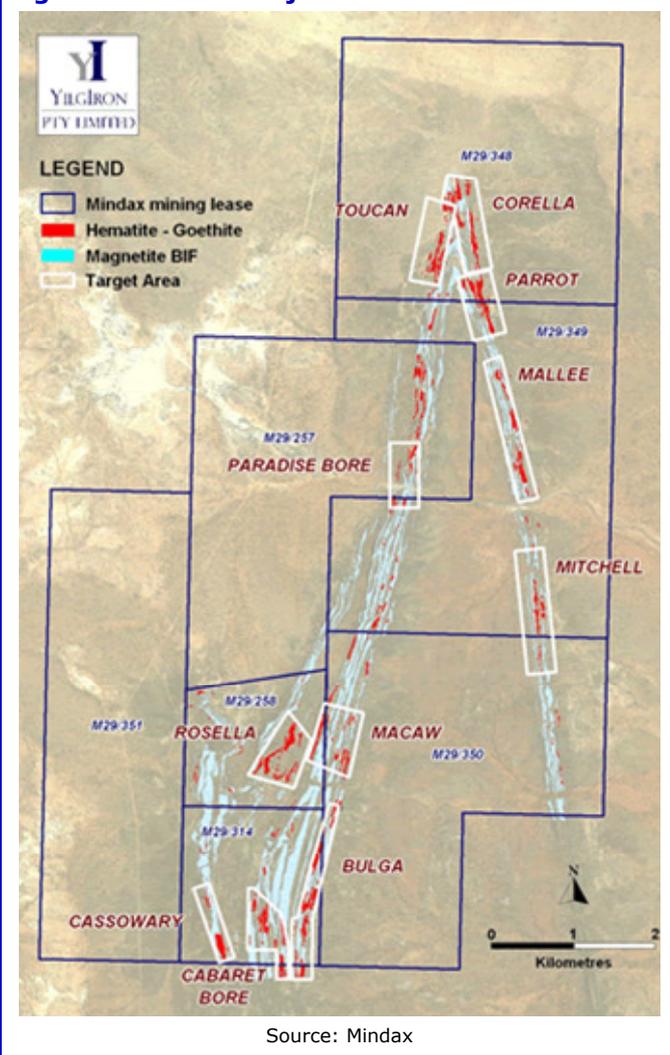
Early metallurgical tests, involving beneficiation of magnetite samples which have been finely ground to 80% passing 40 microns, has produced concentrate samples with iron grades ranging from a low 52%, up to 71.6% Fe with variable silica levels along with acceptably low phosphorus and sulphur levels.

Drill results pending on high grade targets

Drilling is ongoing to extend mineralisation and provide additional samples for metallurgical test work. The company is continuing to explore its tenement with the aim of outlining additional high grade mineralisation which might form the basis for a direct shipping operation, ahead of an envisaged magnetite mining and processing operation.

The company will need to overcome the considerable isolation of its project location by outlining sufficient tonnage of ore to underpin substantial capital costs which would be associated with the establishment of new rail extensions, as well as upgrading existing rail and port facilities and the development of mining and processing plant. This could be partially achieved via a regional consortium approach. So far, higher grade mineralisation at around 54% iron, represents a lower value product than conventional hematite mineralisation, typically grading over 58% Fe and up to 64% Fe. Test work by Mindax may be able to demonstrate a path to upgrade hematite and goethite mineralisation by simple crushing and screening.

**Fig 2. Mt Forrest Project**





**Figure 5. Resource Estimates**

Iron Ore Resources building

<i>DSO Material JORC Resource Category</i>	<i>Million Tonnes</i>	<i>Head Fe %</i>	<i>Head P%</i>	<i>Head Si O<sub>2</sub>%</i>	<i>Head Al<sub>2</sub>O<sub>3</sub>%</i>	<i>Head S%</i>	<i>Head LOI %</i>
Inferred Mineral Resource	1.16	54.8	0.082	9.28	4.40	0.089	6.08

<i>Magnetite JORC Resource Category</i>	<i>Million Tonnes</i>	<i>Head Fe %</i>	<i>Head P%</i>	<i>Head Si O<sub>2</sub>%</i>	<i>Head Al<sub>2</sub>O<sub>3</sub>%</i>	<i>Head S%</i>	<i>Head LOI %</i>
Inferred Mineral Resource	387	31.4	0.048	43.3	3.79	0.049	5.35

Source: Mindax

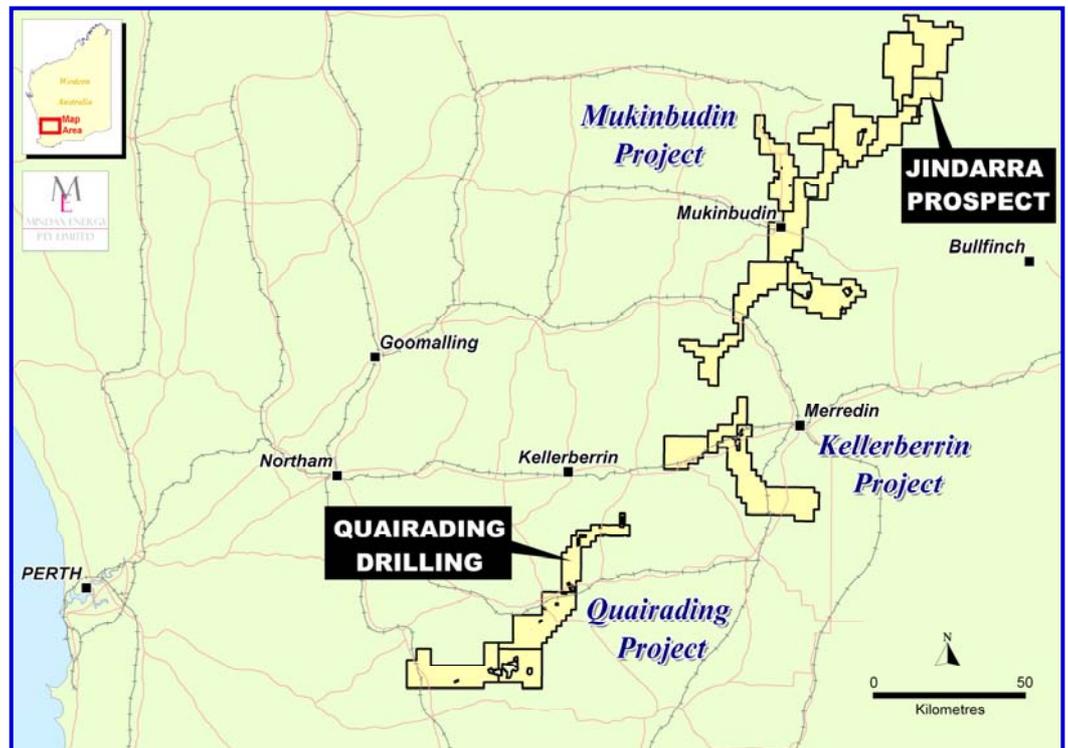
Davis Tube test work on magnetite mineralisation shows variable results, depending on the source location of the sample. Better samples show over 35% mass recovery, but in some cases, silica levels are too high for a marketable product. More work is planned to identify favourable sources of ore and metallurgical process routes which work best.

**YILGARN AVON JOINT VENTURE 53%**

In partnership with Adelaide based uranium specialist Quasar Resources, as the Yilgarn Avon JV, Mindax is exploring for roll-front, sedimentary uranium concentrations in palaeochannels along the western portion of the Yilgarn Craton.

**Figure 6. Yilgarn-Avon Projects**

Partner Quasar brings uranium, ISR experience to the project



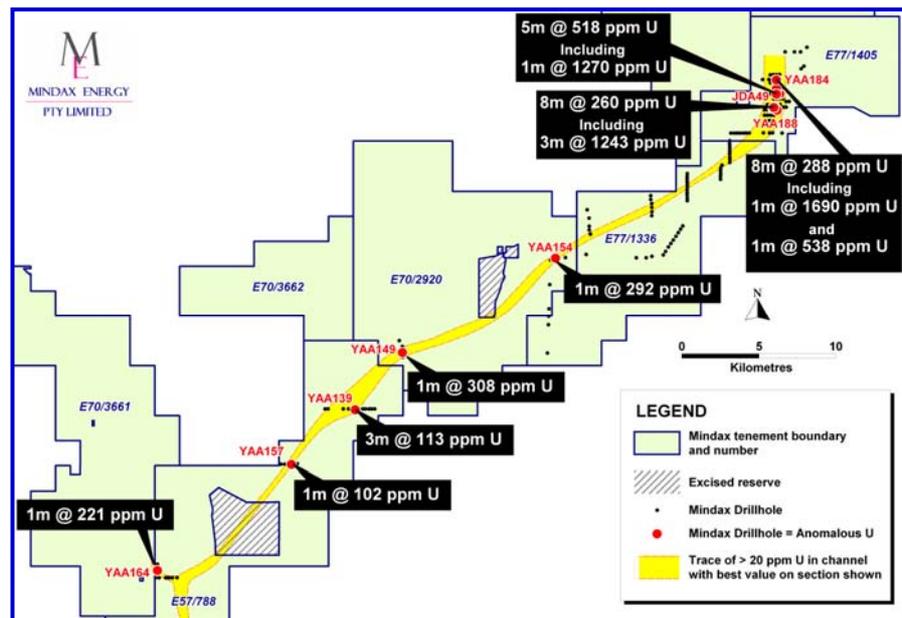
Source: Mindax

Wide spaced drilling

Early drilling is seeking to understand the geological morphology and the hydro-geochemistry of palaeochannels within the JV permits, so as to be better able to target likely sites of uranium enrichment. Wide spaced drilling has demonstrated mineralisation over at least 2 kilometres of palaeochannel with grades up to 0.2% U<sub>3</sub>O<sub>8</sub> at the Jindarra prospect near Mukinbudin, within Western Australia's wheatbelt region.

Uranium mineralisation with ISR potential

Three levels of mineralisation have been seen at about 35 metres, 60 metres and 90 metres below the surface. The middle zone appears to be most consistent, extending along 1,000 metres of channel and up to 300 metres in width. A peak value over one metre of 0.15% U<sub>3</sub>O<sub>8</sub> within a 5 metres intersection grading 0.06% U<sub>3</sub>O<sub>8</sub> has been intersected. This higher grade mineralisation equates to an insitu value of about A\$60 per tonne and could be suited to insitu recovery (ISR), provided that geophysical and hydrological conditions are appropriate.

**Figure 7. Yilgarn Palaeochannel**

Source: Mindax

The company plans to continue scout drilling along the line of identified palaeochannel, searching for favourable geochemical and physical traps where uranium may have been concentrated.

Close spaced drilling required to define higher grade zones

As a guide to value, an area of uranium palaeochannel mineralisation measuring 1,000 metres by 190 metres, with an average thickness of 5 metres and average grade of 400 ppm (0.04%)  $U_3O_8$  would contain 605 tonnes of  $U_3O_8$  with a recovered value of about A\$65 million at the current long term sales prices for uranium oxide.

Wide spread scout drilling in the 'downstream' area covered by Mindax's Quairading permits has shown continuation of uranium mineralisation. Further drilling is planned for the second half of 2010.

#### **SANDSTONE WIDE PROJECT 100%**

The company is making plans to drill the Toccata gold anomaly on these permits, located to the north of Mt Forrest permits. Surface sampling at the Panther and Tiger prospects has produced samples grading of over 60% Fe with adjacent areas of gold mineralisation.

#### **MEEKATHARRA NORTH PROJECT 100%**

Drilling for gold on these permits, 20 kilometres north of the 2.5 million ounce Paddy's Flat goldfield, has identified blind mineralised shears, overlain by a thin blanket of recent sediments.

High grade Wilber Lode to the north holds promise for extension south

In work which has tripled its market capitalisation, neighbouring ASX listed explorer Doray Minerals intersected shallow, high grade gold mineralisation, including 3 metres at 74.8 g/t Au and 4 metres at 22.6 g/t Au at its Wilber Lode, immediately to the north of Mindax's tenement. Doray's intercepts are approximately 2,000 metres north of the common tenement boundary but similar structures appear to cross into the Mindax tenement. Mindax has only conducted broad spaced drilling in this area because the cover is quite deep. These new observations will be integrated into the model and further drilling is planned for Meekatharra in the middle of the year

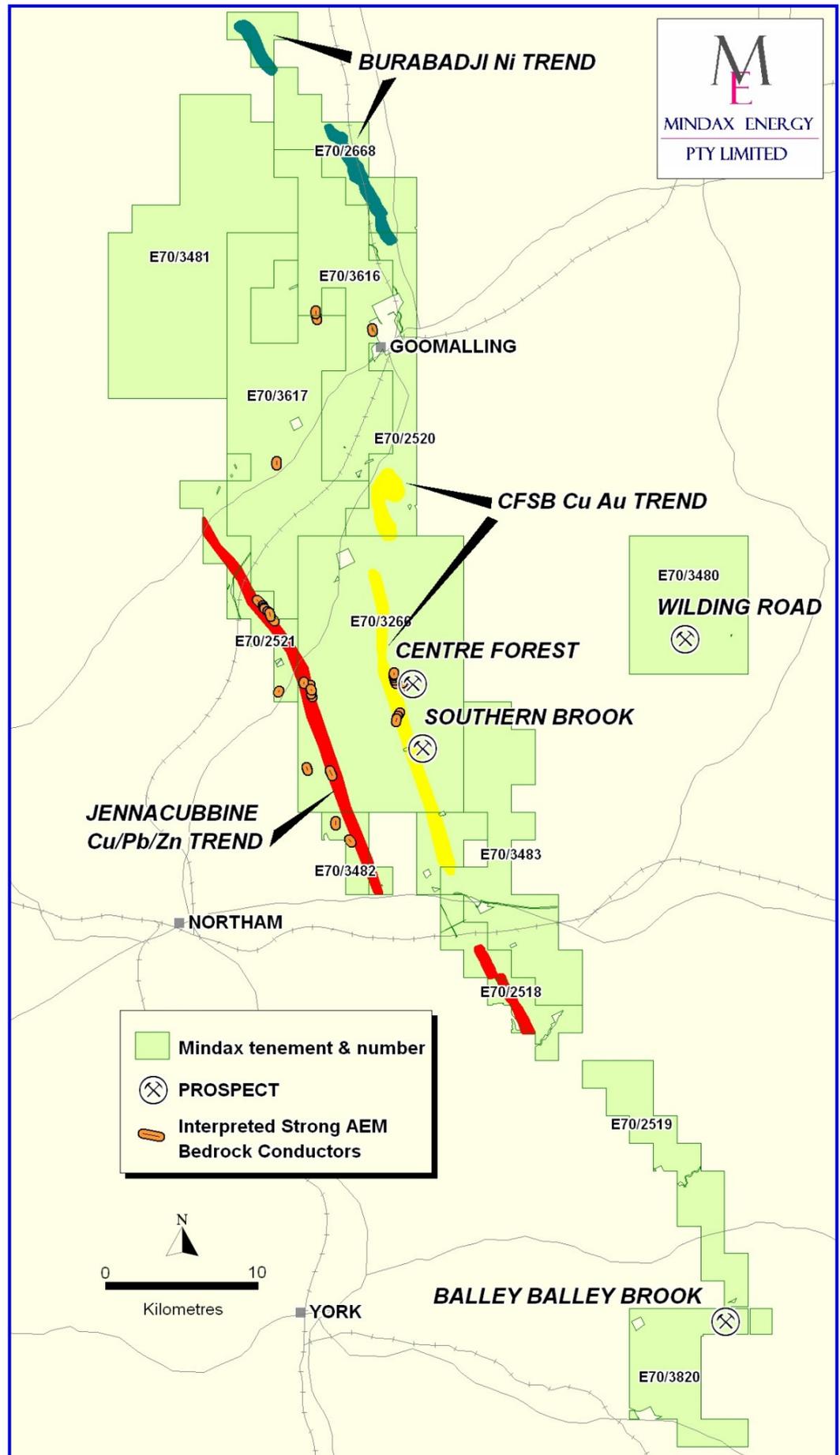
#### **MORTLOCK PROJECT 53%**

This permit area is situated just 100 kilometres west of Perth in farming country. Low grade copper-gold mineralisation has been intersected by drilling along the Centre Forest - Southern Brook Trend which, combined with geochemical mapping, indicates a 6 kilometre long exploration target. Regional geophysical data indicates that the trend could continue for over 20 kilometres. The sub-parallel Jennacubbine Trend is also apparent on geophysical maps, but it remains undrilled.

Base metal exploration target

Drilling at the Centre Forest East geophysical target produced shallow intercepts of anomalous copper mineralisation in the weathered profile overlying highly metamorphosed basement rocks. The company is now planning to drill test additional geophysical anomalies in search of higher concentrations of copper mineralisation. A high degree of metamorphism seen in rocks along these trends will make exploration more difficult. Mineralisation could have resulted from the metamorphism or it could be a signal for pre-existing mineralisation which may have been stretched and chopped up by the metamorphic processes.

Figure 8. Yilgarn Avon Joint Venture Permits



Source: Mindax

## S.W.O.T Analysis

### Strengths

**MANAGEMENT:** Mindax has skilled technical management with deep and broad experience exploring for base metals, gold and iron ore.

**SHAREHOLDER SUPPORT:** Mindax has attracted support from Singaporean industrialists with funding, downstream development and marketing capabilities.

**MULTI-ELEMENT:** Mindax holds projects focused on iron ore, copper, uranium and gold potential.

### Opportunities

**REGIONAL COOPERATION:** Working with other companies in the Central West, Yilgarn iron ore Province to share infrastructure development costs, would benefit Mindax and all other players in the region.

**STRONG GLOBAL MARKETS:** The price outlook for both uranium and iron ore is positive over the medium term.

### Weaknesses

**FUNDING:** While current funding is adequate to progress exploration and development studies, ultimately large amounts of funding will be required to build transport and processing infrastructure for an iron ore development, if ongoing exploration work proves to be successful.

**LOW GRADES:** Indicated grades of iron mineralisation, described as being direct shipping ore, are low while some unfavourable element content is at the high end of acceptability. Uranium grades are at the lower end of a commercially acceptable range.

### Threats

**COMMODITY PRICES AND COSTS:** In common with all mining companies, Mindax will be subject to variable prices of metals for which it is exploring.

**COSTS AND SKILLS:** Capital costs are high in Australia and there is a tight labour market.

## Management

### Chairman

Gilbert is an Economist with a career commencing as an Australian diplomat in Japan and then moving on, providing strategic advice to companies in Australia, Africa, Japan, the US and Europe.

**Gilbert George, BSc (Hons) MEd**

### Managing Director

Greg is a Geologist who has gained extensive technical and management experience with Rio Tinto and Normandy Mining. He has consulted to companies in West Africa, Asia and Latin America. He is a founder of Mindax and has been its MD since 2004.

**Greg Bromley, ARMIT, CPGeo**

### Non-Exec Director

Benjamin has a business background in engineering, property development and leadership in the Chinese and Australian financial sectors. He holds several directorships including Invocare.

**Benjamin Chow AO BE**

### Non-Exec Director

Nicholas is a lawyer. He spent 12 years as Group general Counsel for The Normandy Mining Group before starting a corporate and strategic advisory firm.

**Nicholas Smith, LL.B.**

### Non-Exec Director

Andrew was born and educated in China, but is now an Australian citizen. He has interests in property development and engineering, along with export activities of Australian goods into China.

**Andrew Tsang**

### Company Secretary

Angelo is Certified Practising Accountant, with 16 years experience in public practice providing corporate, taxation and advisory services in the dynamic WA mining and exploration industries

**Angelo Francesca B. Bus**

### Disclaimer

The information herein is believed to be reliable but the author, Strachan Corporate Pty Ltd, ABN 39 079 812 945; AFSL 259730 ("Strachan"), does not warrant its completeness or accuracy. Strachan has relied on information which is in the public domain and has held discussions with management. Opinions and estimates constitute Strachan's judgment and do not necessarily reflect those of the Board and management of Mindax Ltd and are subject to change without notice. Strachan believes that any information contained in this document is accurate when issued however, Strachan does not warrant its accuracy or reliability. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The investments and strategies discussed herein may not be suitable for all investors. Any advice in this report has been prepared without taking account of any particular person's investment objectives, financial situation or needs. Therefore, before acting on the advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. Strachan, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The investments and strategies discussed herein may not be suitable for all investors. If you have any doubts you should contact your investment advisor. The investments discussed may fluctuate in price and changes in commodity prices and exchange rates may have adverse effects on the value of investments. This work was commissioned by Mindax Ltd and Strachan will receive a fee for its preparation.